

RECLAMATION PERFORMANCE BOND

(Minerals Operating Plan and/or Exploration Permit, Including Geothermal)

(Reference FSM 6506)

INSTRUCTIONS: (1) This form is authorized for use whenever a Performance Bond is required in connection with National Forest Reclamation Activity. (2) The full legal name and business address of the Principal shall be inserted in the space designated 'Principal' on the face of this form. The bond shall be signed by an authorized person. Where such person is signing in a representative capacity (e.g., an attorney-in-fact), but is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved, evidence of his authority must be furnished. (3) Corporations executing the bond as sureties must be among those appearing on the Treasury Department's list of approved sureties and must be acting within the limitations set forth therein. (4) Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the work 'Seal', and, if executed in Maine or New Hampshire, shall also affix an adhesive seal. (5) The name of each person signing this bond should be typed in the space provided.

Principal (Legal name and business address)

Paul Lamoreaux
P.O. Box 610
Parowan, UT 84761

Date Bond Executed

Type of Organization (X Appropriate Box)

☐ Individual

☐ Partnership

☐ Joint Venture

☐ Corporation

Surety(ies) (Name(s) and business address(es))

In lieu of surety(ies) hereon, I the undersigned principal hereby deposit the penal amount of this bond in the sum of \$4,900.00 cash. Said deposit is pledged as security for performance and fulfillment of the contract designated hereon.

State of Incorporation

PENAL SUM OF BOND

Million(s) \$	Thousand(s) \$	Hundred(s) \$
	4.0	9.0

KNOW ALL MEN BY THESE PRESENTS, That we, the Principal and Surety(ies) hereto, are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum for the payment of which we bind ourselves, and each of our heirs, executors, administrators, and successors, jointly and severally: Provided, That, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum 'jointly and severally' as well as 'severally' only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

SCHEDULE OF OPERATING PLANS - REGION

Name of National Forest	Operating Plan Number	Date	Amount Allocated to Operating Plan (\$)	Amount of Allocated Restored (\$)	Date Restored	Unallocated Balance (\$)
Dixie N.F.	040701-0001					

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OIL, GAS AND MINING

THE CONDITION OF THIS OBLIGATION IS SUCH, That whereas the Principal has an interest in the Operating Plans identified in the Schedule of Operating Plans above; and

WHEREAS, the Principal and Surety agree that, without notice of the surety, the coverage of this bond, in addition to the present operating plans of the Principal, shall extend to and include:

1. Any operating plan approved by the Forest Service and issued to the Principal in the Region or Forests named above, or later named in a rider, the coverage to become effective immediately upon approval by the Forest Service.

2. Any operating plan hereafter approved by the Forest Service in the Region or Forests named above, to become effective immediately upon approval by the Forest Service.

3. Any extension of the operating plan, such coverage to continue without interruption due to expiration of the operating plan.

4. Any modification of an operating plan, include obligations thereunder, whether made by agreement, suspension of operations, or otherwise; and

WHEREAS, the Principal and Surety hereby agree that notwithstanding the termination of any operating plan covered by this bond, the bond shall remain in full force and effect as to all remaining operating plans covered by this bond.

NOW, THEREFORE, if the Principal shall: Perform and fulfill all the reclamation provisions of all operating plans referred to in the Schedule of Operating Plans and shall also perform and fulfill all the reclamation provisions of any and all duly authorized modifications of said operating plans that may hereafter be made, then the above obligations are to be void; otherwise to remain in full force and effect.

IN WITNESS WHEREOF, the Principal and Surety(ies) have executed this reclamation bond and have affixed their seals on the date set forth above.

PRINCIPAL				
Signature(s)	1.	2.	Corporate Seal	
	(Seal)	(Seal)		
Name(s) and Titles (Typed)	1.	2.		
SURETY(IES)				
Name and Address			State of Inc.	Liability Limit
Signature(s)	1.	2.	Corporate Seal	
Name(s) and Titles (Typed)	1.	2.		
Bond Premium	Rate Per Thousand \$		Total \$	

Remarks

February 15, 2000

RECLAMATION PLAN
for
Marc No. 1 Mine
Plan No. 040701-0001

I. SURFACE RECLAMATION - REVEGETATION

Description:

When excavating new areas, remove and stockpile topsoil for future reclamation. Upon closing out mined areas, replace stockpiled waste material; contour and reshape the ground surface to blend in with surrounding terrain; eliminate shear cut walls by blending undisturbed and disturbed surfaces; spread topsoil back over disturbed areas. Scarify all compacted surfaces including access roads. Install water bars as necessary to ensure proper drainage.

Recommended seed mixture, Pine Valley Ranger District.

Species	Variety	Common Name	Pure Live Seed/Acre
Sanguisorba minor	Vns	Small Burnett	2
Oryzopsis hymenoides	Nezpar	Indian Ricegrass	2
Agropyron trichophorum	Luna	Intermediate Wheatgrass	4
Atriplex canescens	Vns	4 Wing Salt Bush	2
Linum lewissii	Appar	Lewis Flax	1
Dactylis glomerata	Piute	Dryland Orchardgrass	1
Lotus corniculatus	Vns	Birdsfoot Trefoil	4
Agropyron cristatum	Ephraim	Crested Wheatgrass	1
Agropyron inerme	Oahe	Bluebunch Wheatgrass	1
Purshia tridentata	Vns	Antelope bitterbrush	2
Medicago sativa	Ladak	Ladak Alfalfa	1
		Total	21

To ensure success of re-vegetation efforts, the Forest Service recommends:

- Seed all disturbed areas (estimated at 1½ acres) with Forest Service approved seed mix at 21 pounds per acre.
- Fertilize at 200 pounds per acre with commercial fertilizer; ammonium phosphate with sulfur (16:20:0:13).
- Spread approximately 1 inch of weed free straw mulch to protect the seed while germinating.

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II. RECLAMATION STANDARDS

1. Upon cessation of exploration activity all metal and wood material, machinery and debris in the project area will be removed from National Forest System lands.
2. Areas no longer needed for operations will receive reclamation treatment as prescribed in the reclamation plan within 6 months.
3. All reclaimed areas will be graded and restored to closely resemble the general surface configuration of the surrounding terrain and restored to blend into and compliment the drainage pattern of the surrounding terrain.
4. Seeding and planting of disturbed areas shall be conducted immediately after final site preparation.
5. Acceptable ground cover requirements for bond release will be at least 70 percent of an adjacent like area. Ground cover will include:
 - a) live perennial basal herbaceous vegetation.
 - b) accumulated dead plant litter.
 - c) rock fragments over 3/4 inch diameter.

OPERATOR ACCEPTANCE: _____
(Signature)

DATE _____

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February 15, 2000

RECLAMATION BOND CALCULATION WORKSHEET

for

Marc No. 1 Mine

Plan No. 040701-0001

I. EQUIPMENT AND MOBILIZATION COSTS

Description: Type and hourly rate of heavy equipment needed to accomplish reclamation. Move-in and move-out (roading and or walking equipment) costs. Hourly operating costs were used to estimate reclamation costs in part II.

Equipment Type	Operating Cost (per hour)	Move-in & Move-out Cost
Track-mounted excavator (backhoe) 1½ cu.yd. capacity	\$75	16 hours @ \$60/hr \$960
Crawler type tractor (Cat D6)	\$60	16 hours @ \$50/hr \$800
	Total	\$1,760

II. SURFACE RECLAMATION and REVEGETATION

	Unit Cost	No. Of Units	Total
Reclaim lower mine area (about 1 acre): return stockpiled overburden to original contours, reshape and eliminate shear walls; re-spread topsoil. (Crawler tractor)	\$60/hr	30 hours	\$1,800
Reclaim upper mine area and access road (Track-mounted excavator); return material in waste dump to original location. Scarify and close out road, install water bars.	\$75/hr	8 hours	\$600
Seeding	Seed: 21 lbs/acre @ \$3.50/pound	1.5 acre	\$110
Fertilizing	Fertilizer: 200 lbs/acre @\$0.15/pound	1.5 acre	\$45
Labor: Seeding and fertilizing (including transport time)	\$14.00 per hour	8 hours	\$112
		Total	\$2,667

III. SUMMARY

ITEM	TOTAL
Equipment Mobilization	\$1,760
Surface Reclamation and Revegetation	\$2,667
Subtotal	\$4,427
Administrative Costs (10% of total)	\$442
Grand Total	\$4,869

BOND REQUIRED PRIOR TO PLAN APPROVAL = \$4,900

(Rounded to nearest \$100)

IV. The bond amount may be periodically reviewed and adjusted to compensate for completed reclamation work, change in equipment rental rates, wage rate scale, or increased scope of the operation. Should collection of the bond be required, actual cost and methods may be different than those described. If actual costs are greater than the amount of the bond, the Forest Service may request compensation. If the bond amount is greater than the reclamation work performed, a refund will be given.

WORKSHEET PREPARED BY: Steve Winslow DATE 2/15/00

Notes:

1. References Used:

- Cost Estimating Guide for Road Construction, Region 4 Division of Engineering, USDA Forest Service, 1999.



United States
Department of
Agriculture

Forest
Service

Dixie National Forest
Pine Valley R.D.

196 E. Tabernacle
Room 40
St. George, UT 84770

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MAR 06 2000

File Code: 2810
Date: February 24, 2000

5/53/060

Paul Lamoreaux
P.O. Box 610
Parowan, Utah 84761

DIVISION OF
OIL, GAS AND MINING

Certified Return Receipt Requested:

Dear Mr. Lamoreaux:

We reviewed your operations at the Marc No. 1 claim on February 10, to see how you were progressing with reclamation of the area. In my previous letter of December 15, 1999, I indicated that a reclamation bond needed to be posted for your operation before your plan of operations can be approved. Since you indicated to Steve Winslow that you were planning to reclaim much of the disturbed area this winter, I suggested that you perform the reclamation work and then the Forest Service would calculate a bond based on the remaining and proposed future disturbed areas.

We could tell that you had done some earth moving on part of the claim to begin your reclamation efforts. However, it was also obvious that you have proceeded with your mining activities as new holes and trenches have been excavated since early December. I am concerned that your mining activity is expanding without having an approved plan of operations. Consequently, I am now asking that you provide a bond for the existing and projected surface disturbance on the mine site before continuing, as required by Forest Service regulations at 36 CFR 228 Subpart A.

I am returning your plan of operations with my modifications (section VI, part A) for your review and signature. My modifications include a draft *Reclamation Plan* that would become part of the Plan of Operations, with your concurrence. The draft *Reclamation Plan* includes the reclamation actions and standards required to reclaim the area disturbed by your past and anticipated future activities. As a minimum, you should include these reclamation actions and standards in your Plan of Operations, under section V, part H, or as an attachment. You are welcome to use the draft Reclamation Plan as it is written, if you wish, and can indicate your agreement by signing in the signature block at the end of the document.

I have also included a *Reclamation Bond Calculation Worksheet* that describes how the reclamation bond amount of \$4,900 was calculated. Finally, I have provided the reclamation bond form for your signature. If you are satisfied with the plan of operations and the attached bond information please sign and return copies of the documents for my final approval with your payment for the reclamation bond.

As described in the plan of operations, acceptable bond securities include: 1) negotiable Treasury bills and notes which are unconditionally guaranteed as to both principle and interest in an amount equal at their par value to the penal sum of the bond; or 2) certified or cashier's check, bank draft, Post Office money order, cash, assigned certificate of deposit, assigned savings account, blanket surety bond, or an irrevocable letter of credit equal to the penal sum of the bond. Please call Steve Winslow and let him know if you would prefer to assign the bond using a



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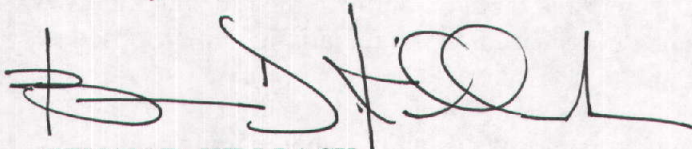
savings account or certificate of deposit and he will send you the forms necessary to complete this type of agreement.

The bond may be reduced upon completion of the reclamation work described in your plan or may be adjusted upward in response to an increase in the total amount of surface disturbance beyond that covered by the bond.

Please cease further mining activities until you have posted the required bond and I have approved your Plan of Operations. Please reply within 30 days by indicating your acceptance of the Plan and posting of the bond. All documents should be sent to my office here in St. George.

Please contact Steve Winslow at 438-2436 or 691-2436 if you have questions about the bonding or Plan approval process. We look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bevan D. Killpack', written over a horizontal line.

BEVAN D. KILLPACK
District Ranger

Enclosures (4)

cc: Lynn Kunzler, Utah State Division of Oil, Gas and Mining